

## **SUPPORTING STATEMENT FOR LOCAL AREA UNEMPLOYMENT STATISTICS**

### **OMB CONTROL NO. 1220-0017**

This ICR seeks to OMB approval for an extension to the Bureau of Labor Statistics Local Area Unemployment Statistics (LAUS) program. With this request, the LAUS program will be implementing the fifth generation of LAUS state models.

#### **A. JUSTIFICATION**

**1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The Bureau of Labor Statistics (BLS) has been charged by Congress [Congressional Act of July 7, 1930 (29 USC, Section 1 and 2)] with the responsibility of collecting and publishing monthly information on employment, the average wage received, and the hours worked by area and industry. The process for developing residency-based employment and unemployment statistics is a cooperative Federal-State program that uses employment and unemployment inputs available in State agencies.

Estimates are prepared monthly in the State agencies, transmitted to the BLS for validation and publication, and provided to user agencies. These estimates are used for economic analysis and as a tool in the implementation of Federal policy in such areas as employment and economic development under the Workforce Innovation and Opportunity Act of 2014 (that supplanted the Workforce Investment Act of 1998) and the Public Works and Economic Development Act, among others.

The estimates are used in economic analysis by public agencies and private industry and for State and area allocations and eligibility determinations according to legal and administrative requirements. Implementation of policy and legislative prerogatives could not be accomplished as now written without collection of the data.

The reports covered by the supporting statement are integral parts of the Local Area Unemployment Statistics (LAUS) program insofar as they ensure and measure the timeliness, quality, consistency, and adherence to program directions of the LAUS estimates and related research.

LAUS 8: Reports used annually to transmit information on the geographic definition of the area and estimating methodology used for Areas of Substantial Unemployment (ASU).

LAUS 15: Report prepared periodically to request and detail unusual treatment for estimation.

LAUS 16: Reports used annually to transmit LAUS estimates for ASU submittals.

LAUS 3040: LAUS Program Manual

**2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The Workforce Innovation and Opportunity Act of 2014 requires these data:

- a. to allocate funds under Title II (Adult Education and Literacy programs);
- b. to implement Title I, which establishes state workforce investment boards, state plans, and local workforce investment areas. The local workforce investment areas are to support a one-stop delivery system that provides core employment-related services and other employment and training services;
- c. to implement Title I, which provides that one of the standards for eligibility for services under the Act is that the ratio of participants being trained on the job in the public sector to participants in the private sector shall not exceed the ratio of civilian government employment to private sector employment in the area.

Other requirements include the use of these data:

- a. to allocate funds to States to establish and maintain public employment offices as required by the Wagner-Peyser Act (29 USC 49 et seq.) and to require that public labor exchange activities be part of the one-stop system and integrated into the state workforce development plan;
- b. to indicate economic distress in areas to identify political jurisdictions eligible for Federal assistance under the Urban Development Action Grant Program (Section 119 of Title I of the Housing and Community Development Act (PL 93-383)). The standards include local unemployment as an indicator;
- c. by the Employment and Training Administration to identify Labor Surplus Areas designated under Executive Orders 10582 and 12073 in the implementation of amendments to the Small Business Act (PL 96-302), which provides that Federal procurement contracts be set aside for businesses located in labor surplus areas;
- d. to allocate Department of Commerce funds for certain programs to areas of high unemployment as required by the Public Works and Economic Development Act of 1965 (42 USC 3121).

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.**

Increased automation of estimating procedures and the submittal of estimates remains a program objective. The State Time Series Analysis and Review System (STARS), introduced in 1989, and LAUSToo, introduced in 1988 as the State Systems Project (SSP), are statistical software packages designed to assist in the production of employment and unemployment estimates for States and local areas. Both systems are revised and updated on a regular schedule.

BLS continues to explore alternative methods to collect data now submitted on the Designation of Potential ASU (LAUS 8) and the ASU Data Collection Form (LAUS 16). States now have the option to submit these data electronically.

**4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item A.2 above.**

No other estimate exists of total resident employment and total resident unemployment on a monthly basis at the required level of geographic detail.

**5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

Small businesses or other small entities are not respondents in any of the information collections.

**6. Describe the consequence to federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

29 USC Section 2 states, “The Bureau of Labor Statistics, under direction of the Secretary of Labor, shall collect, collate, and report at least once each year, or oftener if necessary, full and complete statistics on the conditions of labor and the products and distribution of the products of the same ...” It also states “The Bureau of Labor Statistics shall also collect, collate, report, and publish at least once each month full and complete statistics on the volume of the changes in employment, as indicated by the number of persons employed ...” If the data were developed less frequently than monthly, certain of the allocation programs and trigger mechanisms referred to in items 1 and 2 would not be completed properly.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner:**

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

Monthly collection of information is necessary in connection with the process outlined in LAUS 3040. Other data series are not available that are conceptually consistent with monthly national labor force measures, comparable across relevant geographies, or timely enough to implement the assistance programs for which LAUS estimates are used.

The collection of information in LAUS 8 and LAUS 16 regarding Areas of Substantial Unemployment occurs on an annual basis.

The collection of information in LAUS 15 regarding requests for exceptions or atypical treatment within LAUS methodology only occurs on an occasional basis in response to unusual situations or isolated data deficiencies. An atypical is defined as an unusual situation that is limited in time and usually in geographic applicability. Generally, it affects only a single month and/or a single labor market area. Examples include:

1. Absence of claims data due to state agency computer failure;
2. Absence of claims data due to inability of a border state to provide information;

3. Double counting laid-off workers – once as an unemployed claimant during the week of the 12th and once as employed in the establishment’s payroll period which contains the 12th.

**8. If applicable, provide a copy and identify the date and page number of publication in the *Federal Register* of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

**Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

**Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years -- even if the collection-of-information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

No comments were received as a result of the Federal Register Notice published in 86 FR 8803 on February 9, 2021.

Over the past three years, the goals and objectives of the LAUS program have been discussed extensively with federal and state stakeholders. Plans and improvements to the methodology to promote data quality were vetted through the LAUS Policy Council. The Policy Council is comprised of representatives from the BLS and State Workforce Agencies (SWAs) and promotes the effective management and technical direction of the LAUS Program. The Policy Council is under the guidance of the BLS/LMI Oversight Committee (BLOC), which is comprised of higher-level BLS and state personnel, including the BLS Office of Employment and Unemployment Statistics associate commissioner, assistant commissioners, regional commissioners, and state LMI directors. Furthermore, information regarding all Policy Council activities is shared with all states. States provide feedback on potential program changes, participate in testing new procedures, and evaluate the results. Major program changes discussed with the Policy Council and states and recently implemented include the implementation and performance of the fifth generation of LAUS models.

**9. Explain any decision to provide any payments or gifts to respondents, other than remuneration of contractors or grantees.**

Data for the program are collected and assembled by State staff. BLS is unaware of any arrangements to provide payments or gifts to respondents.

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

An assurance of confidentiality is not provided to respondents.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

Questions of a sensitive nature are not asked.

**12. Provide estimates of the hour burden of the collection of information. The statement should:**

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. General, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

The LAUS program itself does not conduct any surveys, but rather uses other survey information and administrative data as sources for inputs. State Workforce Agencies (SWAs) are the source for many critical inputs, particularly at the substate level. The “respondents” of this package are the States and the costs to fund positions in the SWAs to prepare, enter, and edit inputs, as well as to validate LAUS estimates, are covered under the LMI Cooperative Agreement (Office of Management and Budget (OMB) Control No. 1220-0079).

The hour burden of the collection of information is detailed below.

**Estimated Annualized Respondent Cost and Hour Burden**

<b>Activity</b>	<b>No. of Respondents</b>	<b>No. of Responses per Respondent</b>	<b>Total Responses</b>	<b>Average Burden (Hours)</b>	<b>Total Burden (Hours)</b>
LAUS 8	52	11	572	1	572
LAUS 15	6	1	6	2	12
LAUS 16	52	1	52	1	52
LAUS 3040	52 (w/ 7,303 reporting units)	13	94,939	1.5	142,409
Unduplicated Total	52		95,569		143,045

The estimated annual burden of 143,045 hours is the sum of all estimated burden for all responses provided by funded positions in State Workforce Agencies for the LAUS program.

Notes:

- LAUS 3040: The regular program submissions are monthly with an additional annual submission each year, making 13 submissions per State, the District of Columbia, and Puerto Rico (52 respondents) each year. Monthly submissions consist of total nonfarm wage and salary employment estimates and Unemployment Insurance claims counts. The respondents provide monthly submissions for their jurisdiction as a whole and all of the labor market areas controlled by each of them. Labor market areas (LMAs) are an exhaustive level of substate geography published by the LAUS program. Metropolitan and micropolitan areas are delineated by OMB and considered “major” LMAs. The balance of the United States is grouped into “small” LMAs which consist of one or more counties or county equivalents. These are redefined after each decennial census and based on commutation data from the American Community Survey. Current small LMAs are based on the 2011-2015 dataset. There are a total of 7,303 responses for the Nation as a whole. The 52 respondents – the 50 States plus DC and Puerto Rico – submit 7,303 responses per month plus an annual submittal for all the labor market areas identified for the program –  $13 \times 7,303 = 94,939$  responses. Submissions of monthly and annual inputs from states are conducted via two web interfaces: the State Time Series Analysis and Review System (STARS) for statewide estimation, and LAUSToo for substate estimation.
- LAUS 8: This is an annual activity, but some States need to submit more than one, and it averages to 11 submissions per State per year.

- LAUS 15: Not every State needs to submit a LAUS 15 each year. Based on past experience, about six States submit one during a given year.
- LAUS 16: This is an annual activity– each State submits one per year.

**13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).**

- **The cost estimate should be split into two components: (a) a total capital and start up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of service component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**
- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.**

The cost burden to respondents is borne by the Federal Government as defined within the cooperative Federal State program.

**14. Provide estimates of the annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 into a single table.**

Listed below are the estimated FY 2020 Federal government costs for the LAUS program.

Personnel	\$ 7,000,000
Non-Personnel, Non-SWA funding, Includes contracts	\$ 4,000,000
State Workforce Agency Funding*	\$ 10,000,000
<b>TOTAL</b>	<b>\$ 21,000,000</b>

\*BLS funds positions in the State Workforce Agencies through the cooperative agreements.

**15. Explain the reasons for any program changes or adjustments.**

The current information collection request is considered an extension. The collection instruments themselves (LAUS 8, LAUS 15, LAUS 16, and LAUS 3040) are unchanged or changed only slightly; however, the burden, costs, and some of the instructions (the LAUS Technical Memoranda) have been updated. Below is a brief overview of the LAUS Technical Memoranda included with this information collection request:

- LAUS Technical Memorandum S-20-06 provides updated instructions for monthly LAUS estimation activities. Included are updates to the yearly production schedule, explanations of new or updated software and platforms used in monthly LAUS estimation, and any updates to geography due to cities newly meeting the 25,000 population threshold or updates to the 2010-based federal statistical area delineations. Annual population estimates for various geographic areas are developed by the Census Bureau's Population Estimates Program (PEP). Each year, LAUS checks whether any city has met the population criterion.
- LAUS Technical Memorandum S-20-15 provides updated instructions development and transmittal of Program Year 2021 Areas of Substantial Unemployment (ASUs). Included are requirements for the definition and qualification of potential ASUs
- LAUS Technical Memorandum S-21-01 provided State Workforce Agencies (SWAs) information on the fifth generation of LAUS models. The COVID-19 pandemic introduced abrupt changes between model inputs. The fifth generation of LAUS models address these structural changes. The improvements include separate modeling of the Current Population Survey (CPS) and state covariate simultaneously and external ratio adjustment.

**16. For collections of information whose results will be published, outline plans for tabulations, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

See attached publication schedule in LAUS Technical Memorandum S-21-02.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

The agency will display the expiration date.

**18. Explain each exception to the certification statement.**

This request complies with 5 CFR 1320.9.